

SAPC-4835  
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28 March 1956

MEMORANDUM FOR: Director of Administration, PCS/DCI

SUBJECT : Discussion of Revised Contracts

1. In presenting the revised contract to the pilots they raised a number of pertinent questions as to the meaning of various clauses. In addition, the Project Comptroller and the Detachment Finance Officer had raised certain points. Therefore, I have attempted to set forth below all questions which to my knowledge have been raised on the meaning of the contract.

2. With respect to paragraph 3 c. of the contract, I have already delivered requests from certain of the individuals to have the Agency purchase for them Series H bonds from the amounts payable under this paragraph. The specific allotment requests do indicate that the first purchase will be effective for the first full month in which the \$500.00 is payable and, therefore, if the entitlement were to begin on the 15 of May, the \$250.00 accrual for that month would simply remain on the books and the first bond would be purchased out of the payment due for June. There was also pointed out that the date of entitlement to this additional \$500.00 per month begins upon arrival at the overseas duty station.

3. With respect to paragraph 3 d., it was explained to the men that the discretionary authority as to when the bonus would be paid was to qualify them for crediting the payment when actually made for tax purposes. If they had the right to receive the money at any time, from a tax standpoint they would be taxable when the right was established. Therefore, upon termination of the contract and consideration of the period over which the accrued bonus will be paid, the men were informed that the Agency would be guided to a large extent by their wishes since its date of payment was of little concern to the Agency.

4. In paragraph 4 b. the words "transportation including authorized travel expenses" are used. In paragraphs 4 c., e., g.(1), and (2), the word "transportation" is used. The word "transportation" is intended to mean only fares involved in the travel by the individual. No subsistence would be payable under the paragraphs utilizing only the word "transportation". Under 4 b., of course, where "authorized travel

expenses" are included, this will include per diem in lieu of subsistence and, as stated, in substantial compliance with Agency regulations. This does not mean actual travel expenses such as actual amounts paid for hotel bills, meals, etc. Therefore, the provision in 4 a. that quarters and meals are to be furnished during the entire period of service is, in effect, qualified by the following subparagraphs in paragraph 4.

5. Questions were raised concerning leave provisions in paragraphs 4 b., d., and e. One query related to whether or not leave earned while abroad in an operational duty status would accrue on the basis of \$1500.00 per month or \$2000.00 per month. They were advised that the contract as it is written while not specifically mentioning three types of duty status, nevertheless, since its revision, there are in fact three types of duty status. Therefore, with respect to the leave question, leave taken while in a \$2000.00 a month status will be charged first to leave earned and accrued at the \$2000.00 a month status and will be charged after exhaustion of that leave in descending order from operational duty status at \$1500.00 a month to general duty status. With respect to 4 e., the query was raised as to whether or not the pre-deployment leave would be covered and paid for by the Agency. They were advised that the words of 4 e. authorized reimbursement for transportation to their leave point as approved by the Agency and it was immaterial that it was pre-deployment leave.

6. The significance of paragraph 4 f. is that it indicates that which already exists, i.e., these individuals are covered by the Federal Employees Compensation Act. I would assume that if medical costs can otherwise be handled under the contract they will be paid under such provisions before reliance on paragraph 4 f. I would further assume that for the time being the security requirements are such that for other than a permanent disability or death, the Agency under its other authority would pay the costs authorized by FECA. As a special note on this particular paragraph, if the medical care or treatment required is the result of an illness or injury incurred while in the performance of duty within the meaning of FECA, transportation to an approved hospital could under these circumstances also include per diem in lieu of subsistence expenses. I feel it is impractical to outline all of the situations which could be construed as incurred in performance of duty and can only suggest that advice be sought where necessary.

7. With respect to the life insurance policies, the six men concerned were all briefed that the FEGLI has not yet been taken out but will be effective as of 1 April. They were, of course, all briefed that the life insurance payments which we pay on their behalf are

taxable to them as gross income. I am not at all clear on whether beneficiaries have been properly designated under FEGLI since, in the absence of a specific designation, I gather the beneficiaries are provided by law. The question of designation of beneficiaries and proper form should be reviewed thoroughly and, if necessary, with the men themselves. There was also raised the question of issuing them a sample policy or certificate of coverage. Since I am not certain whether there are certificates of coverage or policies they can be shown, this matter should be reviewed and I do believe there is some way in which we can evidence to the men that they are covered.

8. The men were all informed that their allotments, their income tax withholding, and their requests for purchases of bonds could be adjusted by them at any time upon written request. They were warned that sufficient time should be allowed between the date of their request and the desired effective date of the change. I think it might be helpful if an appropriately sterilized copy of this memorandum were available to the various Detachments as well as to the Project Personnel and Comptroller offices. If we can be of any further assistance in any of these details, please advise.

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Deputy General Counsel